FINANCE COMMITTEE CHARTER

Board Approved : 08/17/2021

Purpose: To assist the Board on management of the financial matters of the Association.

Structure: The committee shall be comprised of at least two unit owners one of which will be named as chair of the committee. Members of the committee shall be unit owners who have experience in accounting, insurance and / or general business administration. A Board liaison shall be assigned to the committee to assist the committee on procedural questions and represent the committee at Board meetings should the committee chair not be available. The liaison shall not be considered as a committee member.

Subcommittees: The overall committee may choose to organize itself into several subcommittees focused on specific areas. For example:

A) Annual Operating Budget (Income & Expenses)

B) Reserve Budget (*Required* Infrastructure Maintenance, Repair, and Replacement)

C) Long Range Planning of Enhancements (*Discretionary* Improvements)

For scope of work details guiding these subcommittees see appendix attached to this charter.

Meeting Requirements: The posting of meeting notices is required for meetings when discussing final recommendation of the budget to the Board. All other meetings need not be noticed. The Committee chair shall provide minutes of all meetings to the Board liaison and the Manager.

Timeframe: This shall be a standing committee without a specified termination date.

Authority / Duties:

1. Review the annual budget, including operating budget (income & expenses) and reserve schedule, as initially prepared by the Manager and work with the Manager to complete prior to submission to the Board for review and approval. The committee will present the proposed annual budget to the board and provide a summary of the significant changes to the prior year's budget.

2. Conduct a review of budget items to assess potential savings for all line items, especially from vendors and initiate conservation efforts.

3. Review and make recommendations to the Manager on the annual insurance review and renewal.

4. Work in conjunction with all other committees and owners in reviewing requests for operating budget and for proposed major projects as projected in the Reserve Schedule or as otherwise warranted as per the Manager or the Board.

5. Provide the Board with advice on the investment of Association funds to maximize return and provide the necessary liquidity.

6. Prepare and present reports to the Board at its regularly scheduled meetings when appropriate or requested by the Board or its liaison.

7. Provide recommendations on long range capital improvement projects to enhance the utility and value of the common area of the property. Identify and recommend design and service changes that improve ownership value and/or amenities for improved lifestyle.

Appendix: RSA Financial and Operating Oversight Scope of Work (go to next 3 pages)

Appendix: RSA Financial and Operating Oversight Scope of Work

A) Annual Operating Budget (Income & Expenses)

- **Committee Owner - ?**
- **Objective: Oversee the annual operating budget process**

Timing: July

- Forecast year end income statement by line item for June YTD. Review with group. (Assoc. Mgr)
- Identify expenses of concern or possible change for initiatives to consider for savings or new services - delegate out for evaluation and recommended changes. Discuss in August. (Chair of Budget Process)
- Identify all vendor contracts and review for continuation, renegotiation or rebid. Delegate to be reviewed and recommendations made. Discuss in August. (Chair of Budget Process)
- Review last 2–3-year average changes by line item for application to upcoming budget for those expenses not changing per discussion. (Assoc. Mgr)

Timing: August – Sept

- Review recommendations for all expenses undergoing review as noted above with group for discussion and final. (Designated committee mbr).
- Summarize all changes to the above once discussed along with all other line item changes and finalize in preliminary budget summary to go along with the draft budget. (designated committee mbr)
- Share Total budget change vs last year by line item along with summary to the board preliminarily via email. (Chair of Budget Process)
- Discuss any board feedback for any possible changes prior to full membership distribution and vote. (Full committee)

Appendix: RSA Financial and Operating Oversight Scope of Work

B) Reserve Budget (*Required* Infrastructure Maintenance, Repair, and Replacement)

- **Committee owner - ?**
- **Objective: Oversee the multi-year planning and annual execution of the reserve maintenance plan.**

Timing: Annually

- Share with the board and full membership a summary of the current reserves, allocation of spend in previous year, reservice shortfalls or special assessment needs, pending allocation for current year and any engineering studies or analysis for ongoing oversight support planned. (Committee Chair)
- Establish a association protocol for how often engineering analysis and full reserve studies should be completed per state and assoc. guidelines.
- Discuss with Design and Services committee possible ideas for alternate options to pending spends 12 months out and hold for changes per the Board/owners decisions.

Timing: Monthly

- Review annual reserve plan with Association Manager, review Assoc. Mgrs efforts on maintenance plan and contractor bids and support workflow process.
- Review Work estimates vs budget vs actuals as work progresses.
- Maintain monthly notes of meetings.
- Inform the board of any reserve plan changes or concerns.
- Spot check with Association Manager finalized contractor work.

Timing: Quarterly

- Review and summarize with Assoc. Mgr the actual vs budgeted costs for all reserve work and update a summary to be shared with all owners and the board at quarterly board meetings.
- Review with Assoc. Mgr next steps in reserve plans.

Appendix: RSA Financial and Operating Oversight Scope of Work

C) Long Range Planning of Enhancements (*Discretionary* Improvements)

- **Committee Chair - ?**
- **Objective: Identify and recommend design and service changes for the RSA that improve ownership value and/or amenities for the improved lifestyle of the owners.**

Timing: Every 5 years

1. Complete a competitive analysis of local downtown Sarasota condominiums for similar and comparable value, services, amenities, association oversight/ bylaws and property management approaches.
2. Identify non-Sarasota condominium competitive info for similar options to consider in condominium services and management.
3. Summarize a full competitive set and identify the design and service gaps or opportunities vs other comparable properties.
4. Share gaps and opportunities with the Infrastructure/Reserve committee for consideration/recommendation in overlap areas planned for replacement to identify areas to discuss with the board/unit owners.
5. Share competitive summary and reserve plans to owners for consideration of changes/remodels/adds and next step planning.

Timing: Annually

1. Identify areas of remodel/adds and poll owners for ideation for new solutions.
2. Consider outsourcing for design or services recommendations. Share contractors and costs with the Board and ownership for planned costs in the annual budget or reserve budget.
3. Ensure all recommendations have 2-3 options to ensure all owners interests/ tastes and costs can be considered. Include timing, costs and value or competitive improvement benefits vs others.
4. Share options with all owners for input and tweaks/changes along with final costs for planned affect to reserves or special assessments.
5. Finalize recommendation and submit to the board and owners for approval and spend. Coordinate with the Finance committee any necessary financing or special assessment next steps.
6. Communicate and discuss with the Annual budget committee and Association Manager any applicable changes to the annual operating budget and property oversight that needs to be made.
7. Support infrastructure/reserve committee, operating budget committee and Association Manager with action steps for finalization. Consider any special committees by project for the execution of each initiative.
8. Report out results upon completion to the board and owners along with budget vs actual expenses.